

13 OCT 1976

MEMORANDUM FOR: Director of Logistics

FROM :

:

Chief, Audit Staff, O/IG

STATINTL

SUBJECT :

:

Provision of Reclaimed Silver to
Agency Commercial Contractors as
Government Furnished Material

REFERENCE :

:

Federal Property Management Regulations,
Subchapter H, Part 101-42.3

1. Attached regulation of the General Services Administration (GSA) establishes a procedure whereby federal agencies may requisition silver or other precious metals for use as Government furnished material by commercial contractors. Silver requisitioned under this procedure is available for 35 cents per troy ounce as compared to the commercial market price of \$4.50 per troy ounce. GSA advances that requisitions for silver under this procedure do not require explanations or justifications; the only criteria being that the requisitioning agency has contributed silver to the reclamation program and that the amount of silver requisitioned does not exceed the total amount contributed.

2. Audit Staff has been informed that the Agency has not utilized this economical source of silver for use by contractors, although some 6,000 pounds of silver bearing material with a market value of over \$250,000 have been contributed to the program by the Agency.

3. The process for acquisition of the reclaimed silver, as described informally by GSA representatives, seems uncomplicated and involves the following steps:

a. Identification by the Contracting Officer of procurement action requiring silver in contract performance;

b. Stipulation in Requests for Proposals that amounts and values of silver required be specified in bids;

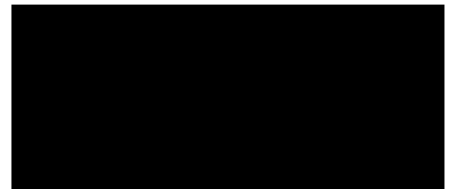
- 2 -

c. Provision in contracts with successful bidders that silver will be provided as GFM; and

d. Requisition of silver from GSA for delivery to a specific location.

4. In view of the potential savings available to the Agency through use of this source of silver, I suggest that you explore the feasibility of the above described procedure in Agency procurement. Please advise me of your findings.

STATINTL



Attachment:
as stated

Distribution:
Orig - Addressee
✓ - DDA
1 - O/IG
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SUBPART 101-42.3

RECOVERY OF PRECIOUS METALS
AND CRITICAL MATERIALS

101 - 42.303-2

may be contacted at the following address: Defense Supply Agency, DOD Precious Metals Recovery Program Manager, Cameron Station, Alexandria, Virginia 22314.

§ 101-42.303-2 Utilization of DOD-recovered precious metals as Government-furnished material (GFM) in Federal procurements.

To determine the need for recovered precious metals as GFM to reduce new procurement costs, each agency shall review procurements for which precious metals will be required by a contractor. Each agency having requirements for refined precious metals as GFM should submit a request to the Commander, Defense Industrial Supply Center, 700 Robbins Avenue, Philadelphia, Pennsylvania 19111. A copy of each such request shall be sent to the General Services Administration (FWR), Washington, D.C.

20406. Each agency requesting precious metals under the DOD Precious Metals Recovery Program shall also contribute any generated accumulations of silver, gold, and platinum to the DPDPMTRO in accordance with § 101 42.303-1. Normally, the amount of precious metals authorized for sale to individual agencies would not exceed the quantity of such refined metals derived from the agency contributions of precious metal-bearing materials to the program. Exceptions to this limitation will be made on a case by case basis if refined precious metals on hand exceed DOD requirements. No minimum ordering quantity is prescribed. There is a nominal charge for the refined precious metals to cover the administrative and processing costs. Such costs, however, are substantially lower than the current market price of fine silver, gold, and platinum.

(NEXT PAGE IS 4207)

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Att: DDA 76-5083

marks:

3-5
What does this
mean as far as
we're concerned?
Mike

FOLD HERE TO RETURN TO SENDER

FROM: NAME, ADDRESS AND PHONE NO.	DATE
Associate Deputy Director for Administration, 7D 24 Hqs, x5767	18 OCT 1976
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DA:MJMalanick (18 Oct 76)

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E: Memo dtd 13 Oct 76 to D/Log fr
C/AS/OIG, subj: Provision of
Reclaimed Silver to Agency
Commercial Contract
Government Furnished Material

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